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Economic Commission for Europe

Conference of European Statisticians

Group of Experts on Consumer Price Indices

Twelfth session
Geneva, 26-28 May 2014

Annotated provisional agenda for the twelfth session

To be held at the Palais des Nations, Geneva starting on 26 May at 9:30 a.m.

I. Provisional agenda

1. Workshops on Consumer Price Indices.
   - (a) Elementary price indices.
   - (b) Higher-level Price Indices.
   - (c) Treatment of seasonal products.
   - (d) Quality adjustment: A general framework and the role of Hedonics.
   - (e) Core inflation measurement
   - (f) Scanner data
   - (g) Quality management
   - (h) The Price Index Processor Software
2. Update of the 2004 CPI Manual.
3. Methodological issues.
4. Price collection methods.
5. Difficult to measure products and services.
6. System of price indices.
7. Management
8. Future work.
9. Any other business

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II. Annotations to the provisional agenda

1. Workshops on Consumer Price Indices

(a) Elementary price indices

Organisers: Professor W. Erwin Diewert, University of British Columbia, Canada

The workshop will study the relative advantages and disadvantages of the three main index number formulae that are used to aggregate prices at the lowest level of aggregation when quantity or expenditure information is not available: the Carli, Jevons and Dutot formulae. An econometric method, the Time Product Dummy method will also be discussed. There will be some discussion of reconciling these formulae with the overall target index, which of course uses information on expenditure weights. Finally, methods of aggregating prices at the elementary level that use price information for more than two periods will be described.

(b) Higher-level Price Indices

Organisers: Australian Bureau of Statistics

The workshop will examine the various higher-level price index formulas used to compile the CPI, including more recently developed approaches including the geometric formula proposed by the IMF. The workshop will also examine approaches to minimise substitution bias in the CPI, particularly in the case when traditional weighting data from household expenditure surveys are available infrequently. A range of country practices and experiences will be presented along with opportunities for discussion of participant's topics.

(c) Treatment of seasonal products

Organisers: National Institute of Statistics of Italy

The treatment of seasonal products poses intractable problems and challenges for CPI compilers and has consequences for the interpretation and use of the indices. The workshop will discuss these problems and possible ways to improve the treatment of seasonal products, including the following topics: For which product groups, such as fresh food, clothing and footwear, may the variable and the fixed weights approach be applied and what are the experiences from using these two approaches? What are the experiences with the European Union regulation on seasonal products for compilation of the Harmonized Consumer Price Indices (HICPs) of the EU member countries? How to deal with changing seasonality, i.e. when in-season months change from year to year? What are the alternatives to the fixed and variable weights approach?

(d) Quality adjustment: A general framework and the role of Hedonics

Organiser: International Monetary Fund

This workshop outlines data needs for and practical methods of quality adjustment. The data needs are about price collectors having fairly tight specifications and training about what to do when an item is missing in terms of finding comparable and, if not available, non-comparable replacements and, for the latter, the different data needs and ways of incorporating the replacement. Some methods are relatively straightforward including the indirect ones of imputation and linking; at the other extreme, direct more-complex methods include use of hedonic regressions. Such regressions are also used when there is a rapid

turnover in transactions on models with differing characteristics, such as laptops, and can be applied to separately constructed databases taken, for example, on a monthly basis from retailers' websites on the prices and characteristics of different models of laptops on the market. We look at the practice of using such techniques.

(e) Core inflation measurement

Organiser: Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT) and the International Monetary Fund

This workshop first overviews the thinking behind, measurement of, and criteria for selecting among, alternative measures of core inflation. Attention is then focused on the practical issues of credibility of core measures when food and energy absorb large proportions of household expenditure and the relationship between the central bank and national statistical offices (NSOs) in the design and execution of the measures. This is followed by presentations on practical issues in compilation and dissemination by an NSO and a central bank's perspective that develops some of the issues in the overview. Sufficient time is made available for participant contributions of their country's experience in light of the aforementioned issues.

(f) Scanner data

Organiser: Statistics Sweden and Statistics Denmark

The primary objective of the workshop is to clarify the concepts of scanner data. A roadmap will be drawn up together with the participants, and recommendations on how to meet the challenges ahead will be formulated. The workshop will also address a number of important issues, such as: Quality assurance; Confidentiality; Cooperation and agreements with data providers; and Scanner data software.

(g) Quality management

Organiser: Statistics Finland, UK Office for National Statistics and National Institute of Statistics, Geography and Informatics of Mexico

The workshop will discuss how the CPI production process can be monitored and how to ensure the over-all quality of the published CPI. This will include management and quality assurance of the various steps of compiling the CPI, from the planning of the sample of products, the regular price collection, data validation, calculation and publication of the figures. The workshop will discuss different quality assurance frameworks, such as ISO and the European Statistics Code of Practice, how these can be applied in practice, how to ensure that all tasks are taken care of in a tight production schedule, and from a cost/benefit view point, if particular aspects of the various quality assurance approaches generate greater value and so should be retained if resources are reducing. The discussions will be based on presentations and through practical examples of the participating countries.

(h) The Price Index Processor Software

Organiser: Central Statistics Office Ireland and International Monetary Fund. Technical expert Paul Armknecht

The Price Index Processor Software (PIPS) offers a complete statistical system for the regular production of consumer and producer price indices by national statistical offices. It includes facilities for recording and storage of all input data, data processing and index calculation. PIPS is based on open source code. It is available online for free and can be

downloaded to any local pc or network and be adapted to the specific needs and data sources of the statistical office. The workshop will provide interested participants with an overview of the PIPS software for processing the CPI and PPI. The PIPS software operates in a data base and client-server environment and offers users the improved compilation methods presented in the CPI and PPI Manuals. The workshop will provide examples of processing both CPI and PPI data.

2. Update of the 2004 CPI Manual

The Intersecretariat Working Group on Price Statistics (IWGPS) will present a paper discussing a possible update of the current version of the CPI Manual and seek advice from the participants on the need and scope of an update.

Discussant: To be confirmed

3. Methodological issues

This session is intended to discuss methodological issues of all stages of CPI compilation, including e.g. sampling, data validation and editing, calculation of elementary and higher-level price indices, treatment of missing observations, seasonal products and quality changes.

Discussant: To be confirmed

4. Price collection methods

The section will facilitate discussion of various price collection methods, including collection of prices through price collectors or survey questionnaires (printed or in electronic form), collection of prices from the web and the use of scanner data, and associated problems and possibilities.

Discussant: To be confirmed

5. Difficult to measure products and services

Difficult to measure products and services covers a with range of items, such as goods or services with high replacement rates, products with rapid technological changes, including computers and mobile phones, bundled goods and/or services as often seen in telecommunication, health services, insurance and financial and legal services.

Discussant: To be confirmed

6. System of price indices

This may include issues that deal with the relationship between CPIs, Producer Price Indices (PPIs) and Purchasing Power Parities (PPPs); synergies in the production processes; different organizational models; harmonization with other statistics; overlap between the CPI and PPP samples; and the use of price indices for deflation.

Discussant: To be confirmed

7. Management

The section on management is intended to discuss all aspects of management relevant for CPI production, including HR management and development, training of staff, resources management and quality assurance management.

Discussant: To be confirmed

8. Future work

Participants wishing to propose points under this item are requested to inform the secretariat as soon as possible.

9 Any other business

Participants wishing to propose points under this item are requested to inform the secretariat as soon as possible.